



ECSDA

European Central Securities
Depositories Association

Press Release

ECSDA ANNOUNCES PROGRESS FOR THE REMOVAL OF GIOVANNINI GROUP BARRIERS 4 AND 7

Today, the European Central Securities Depositories Association (ECSDA) released its second annual status report relating to the removal of Barriers 4 and 7 of the second Giovannini Group report. It is delighted to report that implementation of the 10 standards agreed as the first stage for removing both barriers is progressing well. There is now over 85% adherence to the standards (or over 92% if planned changes are included) by the 17 markets that agreed to the standards in 2004. Of the 10 standards, 4 are now implemented in all 17 markets.

Furthermore, 60% of the necessary changes needed within the 17 markets have been made or planned for implementation which is a significant increase from the third that had made changes by June 2005. The 2006 status report details this significant progress by the private sector but also documents why implementation has not yet been possible in other areas.

The ECSDA also announced today that it plans to extend the standards across all 34 countries it now represents following its merger with the Central and Eastern European Central Securities Depositories Association. It will also need to agree with all 34 countries new standards for intermediaries between countries to build on and deepen the benefits already gained.

Joël Mérére, Chairman of the ECSDA, said:

“The ECSDA members continue to be at the forefront of executing resolutions for the Giovannini Group barriers and we are delighted that implementation of the first set of standards in this area is nearing completion. Resolving the barriers involves both agreeing and implementing recommendations and to do both in less than three years is a major achievement. Further steps are now necessary to ensure all market members build on these positive changes to provide full benefits to the European capital markets and we at the ECSDA will progress this issue over the coming twelve months.”

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Notes to Editors

1. The European Central Securities Depositories Association (ECSDA) was established in November 1997 as the Association of European Central Securities Depositories (CSDs). In January 2006 ECSDA merged with the Central and Eastern European Central Securities Depositories Association. ECSDA has 39 members covering 34 European countries and the association's primary objective is to promote harmonisation of market practices in Europe to support the creation of a single European capital market

ECSDA offers solutions and provides advice on economical, financial, legal and regulatory matters to reduce risk and increase efficiency in pre-settlement, settlement and custody for securities and related to European payments. ECSDA particularly promotes a process flow that ensures high efficiency with a low risk profile, a level competitive playing field for all providers, common standards to remove existing cross-border barriers as well as the exchange of information on legal, tax, regulatory frameworks and market practices to foster harmonisation and international cooperation.

2. In April 2003, the Giovannini Group entrusted the ECSDA with the task of taking the leading role in removing three of the market barriers to low cost cross-border settlement.
3. To this end, a dedicated ECSDA working group was set up to address the issues and a first response, including 10 standards, which addressed two of the three barriers, namely barrier 7 relating to operating hours and barrier 4 relating to settlement finality was released in April 2004.
4. Barrier 4 of the Giovannini report states that Intra-day settlement finality in all links between settlement systems within the EU should be guaranteed. ECSDA should co-ordinate necessary measures. These measures should be drawn up in close co-operation with the ESCB/CESR Joint Working Group.
5. Barrier 7 of the Giovannini report states that Operating hours and settlement deadlines should be harmonised, using TARGET hours as the benchmark. ECSDA should take the lead in this initiative, in close co-operation with the ESCB.
6. ECSDA released its first report in April 2004. It and the subsequent 2005 and 2006 status reports can be found on the ECSDA website: www.ecsda.com
7. Along with European Credit Sector Associations, ECSDA are also responsible for the creation of standards relating to barrier 3 of the Giovannini Group report which deals with corporate actions. Its first report on this barrier was released in June 2005.